

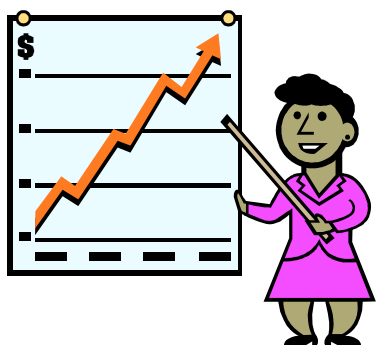
FARM SECTOR ECONOMIC ANALYSIS

INCOME

The total value of the agriculture sector output from New Mexico farmers and ranchers increased in 2007 to \$3.3 billion, up 20 percent from 2006. The value of livestock production increased to \$2.3 billion in 2007, up 22 percent. The value of crop production increased to \$705 million, up 19 percent. Revenues from forestry and services totaled \$282 million in 2007, up 9.0 percent from the previous year. Direct government payments dropped 23 percent to \$66.9 million. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$821.7 million, up 92 percent from a year earlier.

PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$1.9 billion of inputs in 2007 to produce their crops and livestock. This was 6.9 percent more than 2006. As in previous years, livestock feed continued to be the largest purchase at \$748 million, followed by livestock purchases of \$420 million. The repair and maintenance of capital items cost farmers and ranchers \$115 million, and petroleum fuel and oil costs rose 12 percent to \$100 million. Property taxes were higher at \$40.8 million.



CASH RECEIPTS

New Mexico crop and livestock product sales in 2007 totaled \$3.0 billion, a 24 percent increase from the previous year. Total cash receipts from livestock products increased in 2007 to \$2.4 billion. The number one cash commodity for the state was once again milk. Milk also had the largest increase, at 49 percent, from the previous year. This was followed by cattle and calves as the number two cash commodity. Total crop cash receipts increased by 16 percent to \$700 million. Hay sales increased to \$195 million in 2007, remaining in third place. Pecans remained fourth in the state in total cash receipts with an 11 percent increase for the year, coming in with \$96.2 million. Onions were ranked fifth with \$63.4 million, a 38 percent increase. Greenhouse and nursery receipts were steady at \$62.3 million and were ranked sixth. Corn Silage was seventh in the rankings with receipts of \$53.0 million. Chile ranked eighth in the state with cash receipts at \$32.9 million.

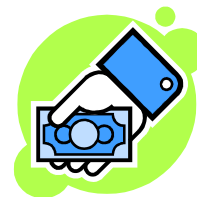


GOVERNMENT PAYMENTS

Direct government payments to New Mexico producers totaled \$67 million in 2007, down 23 percent from 2006 payments of \$82.6 million. If ranked with cash receipts, government payments would be our fifth largest cash commodity. Conservation program payments remained at \$38 million. Fixed Direct payments remained at \$15 million in 2007. Counter-Cyclical payments decreased to \$8.8 million, from \$17 million a year earlier. Milk Income Loss Payments decreased to \$548,000, down from \$4.0 million a year earlier.

LAND VALUES

New Mexico's farm real estate value has risen consistently since 2002. The value in 2002 was \$250 per acre. The average per acre in 2008 was \$630 per acre compared to \$610 in 2006. In the Mountain States (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming), values in 2008 ranged from a high of \$3,500 per acre in Arizona to a low of \$630 per acre in New Mexico. The highest values in the country were in the northeast where values averaged \$5,080 per acre.



PRICES

Cattle prices declined during 2007. Prices for beef cattle averaged \$80.40 per hundredweight (cwt), a decrease of \$0.70 from the 2006 price. Calf prices dropped \$8.00 per cwt, to \$120.00. Cow prices, at \$49.40 per cwt, increased by \$4.90 per cwt. Steer and heifer prices averaged \$101.00 per cwt compared to \$106.00 in 2006. Milk prices, at \$18.80 per cwt, increased 55 percent from the \$12.10 received in 2006.

Alfalfa prices for the year averaged \$166.00 per ton consistent with 2006 prices. All hay decreased by \$1 from the 2006 price of \$164 to \$163 per ton in 2007. Other hay prices averaged \$136 per ton in 2007, compared to \$138 in 2006. Prices for dry beans, upland cotton, American-Pima cotton, potatoes, peanuts, and onions increased in 2007, as did corn for grain, corn for silage, sorghum, chile, and wheat. Pecan prices showed a decrease of \$0.55 for the year.

